

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7103**

**BILL NUMBER: HB 1844**

**NOTE PREPARED: Jan 19, 2003**

**BILL AMENDED:**

**SUBJECT: Mental Health Center Fees.**

**FIRST AUTHOR: Rep. Ruppel**

**FIRST SPONSOR:**

**BILL STATUS: As Introduced**

**FUNDS AFFECTED: X GENERAL  
X DEDICATED  
FEDERAL**

**IMPACT: State & Local**

**Summary of Legislation:** This bill changes the method of computing a county's maximum appropriation to a Community Mental Health Center to a formula based on the percentage of individuals from a county receiving services from the community mental health center.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill makes two changes to the way that Community Mental Health Centers are reimbursed. The first change amends the distribution of costs among counties served by a center. The second change ties the maximum increase in county appropriations to the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published monthly by the United States Bureau of Labor Statistics. There are currently 30 Community Mental Health Centers in the state.

***County Appropriations:*** This bill changes the way costs are shared by counties served. Due to a technical problem in the existing statute, the formula for distributing the costs to counties within a center's primary service area has been interpreted and implemented to distribute a center's costs to each county based on each county's relative share of the total population of *individuals residing* within a center's service area. This bill revises that formula so as to distribute costs based on each county's relative share of the total number of *individuals' actually receiving services* from the center. Although this new funding formula more closely reflects the services provided to residents of a particular county, it may result in large fluctuations in costs

assessed to a particular county in succeeding years based upon the number of residents served each year.

***Inflationary Control:*** This bill limits the increase in a center's total reimbursable operating budget from county sources. The bill states that the total appropriations from all counties served may not increase each year more than the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI). In the event that the increase in CPI increases at a high rate, this bill caps the maximum increase allowed at 5% (see table below for historical CPI rate information).

**Consumer Price Index Change 1997-2001**

Year	Index*	Percent Change
1997	157.6	2.27%
1998	159.7	1.33%
1999	163.2	2.19%
2000	168.9	3.49%
2001	173.5	2.72%

\*Note: Time period 1982-1984 equals 100. 2002 data not yet available

The inflationary control may limit services and expenditures of Centers. Centers may be able to recoup lost county revenue from other sources. However, this is dependent upon legislative and administrative action.

***Background:*** Centers currently receive funding from a variety of funding sources. An estimated 11% to 12% of their funding comes from county appropriations. Centers receive state funds for seriously mentally ill adults, seriously emotionally disturbed children, contract services, federal grants, and federal Medicaid funding. (Additional information regarding funding has been requested and will be added when available.) A portion of state funds are used as a match to draw down the federal Medicaid funding. In the past some county appropriations have also been used to draw additional federal Medicaid funding. It is unclear as to whether the provisions of this bill would adversely affect the ability to draw additional Medicaid funds using county appropriations.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Community Mental Health Centers

**Information Sources:** *Consumer Price Index for Urban Wage Earners and Clerical Workers*, United States Bureau of Labor Statistics; Susan Kilty, Deputy Legislative Director, FSSA, 317-232-4451; John Viernes, Deputy Director Office of Public Policy, 317-232-7913; Jim Jones, Indiana Council on Community Mental Health Centers, 317-684-3684

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